Corporate Release
Valby, Denmark, 4 February 2021

Financial report for the period 1 January to 31 December 2020

In an unprecedented year, Lundbeck delivers sales growth of 4% and core EBIT of DKK 4.4 billion

HIGHLIGHTS

Growth continues across all regions, with revenue reaching DKK 17,672 million in 2020, a growth of 4% in local currencies when compared to 2019. The newest product in the portfolio, Vyepti®, continues to gain momentum doubling revenue in each quarter since launch, despite the pandemic's negative impact on Health Care Provider (HCP) administered drugs. Cash flow presents a substantial improvement from last year.

Growth continues to be driven by patient uptake due to the efficacy and reliability of the products in the portfolio, product launches in new markets and the continued resilience of mature brands.

Strategic brand performance:

- Revenue of Abilify Maintena® increased 16% to DKK 2,271 million (17% in local currencies)
- Revenue of Brintellix®/Trintellix® increased 10% to DKK 3,102 million (13% in local currencies)
- Revenue of Northera® increased 10% to DKK 2,553 million (12% in local currency)
- Revenue of Rexulti®/Rxulti® increased 15% to DKK 2,620 million (17% in local currencies)
- Revenue of Vyepti reached DKK 93 million following the launch in the U.S. in April 2020

Market performance:

- Revenue in North America increased 2% to DKK 9,790 million (4% in local currencies)
- Revenue in International Markets increased 4% to DKK 4,057 million (10% in local currencies)
- Revenue in Europe increased 3% to DKK 3,329 million (4% in local currencies)

Core EBIT reached DKK 4,436 million, in accordance with financial guidance of DKK 4.3 – 4.5 billion. **Core EBIT margin** reached 25.1%. Lundbeck also benefited from COVID-19 related cost avoidance throughout the year.

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"Lundbeck showed resiliency in unprecedented times, delivering a strong performance in 2020. I am pleased that we met our original revenue guidance and exceeded our original core EBIT guidance for the year. We launched a new brand, Vyepti, which enables people impacted by migraine to take their lives back. Our pipeline also achieved notable progress in several studies throughout the year. These achievements drive forward our purpose to restore brain health, so everyone can be their best."

Key figures:

DKK million	FY 2020	FY 2019	*Growth*
Core Revenue*	**17,672**	17,036	*4%*
Core EBIT*	**4,436**	4,976	*(11%)*
Core EPS*	**18.91**	19.46	*(3%)*
*Core EBIT margin**	***25.1%***	29.2%	-
Reported Revenue	**17,672**	17,036	*4%*
Reported EBIT	**1,990**	3,153	*(37%)*
Reported EPS	**7.95**	11.64	*(32%)*
Reported EBIT margin	***11.3%***	*18.5%*	-

For definition of the measures "Core Revenue", "Core EBIT", "Core EBIT margin" and "Core EPS", see note 5 *Core reporting*

All key brands showed solid growth in 2020 although growth for some of the products has deaccelerated due to the COVID-19 pandemic. In the second half of the year, product sales have been significantly impacted by depreciation of main exchange rates.

Profitability was impacted by substantial investments in our brands which was partly mitigated by a lower activity level in the wake of the COVID-19 pandemic.

Cash flows from operating activities amounted to DKK 3,837 million in 2020 compared to DKK 2,609 million in 2019. The positive development primarily relates to reduced taxes paid and limited cash flow impact from working capital in 2020 while 2019 had significant negative impact from working capital.

For 2021, Lundbeck expects revenue to reach DKK 16.3 – 16.9 billion. Core EBIT is expected to reach DKK 3.1 – 3.6 billion and EBIT to reach DKK 1.8 – 2.3 billion. The Board of Directors proposes to pay a dividend of DKK 2.50 per share, equal to a pay-out ratio of approximately 31%.

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	FY 2020	FY 2019	Q4 2020	Q4 2019
Financial highlights (DKK million)				
Core revenue	**17,672**	17,036	**4,275**	4,421
Core profit from operations (core EBIT)	**4,436**	4,976	**722**	966
Reported revenue	**17,672**	17,036	**4,275**	4,421
Operating profit before depreciation and amortization (EBITDA)	**4,783**	4,823	**1,002**	607
Reported profit from operations (EBIT)	**1,990**	3,153	**431**	177
Net financials, expenses	**84**	127	**12**	149
Profit before tax	**1,906**	3,026	**419**	28
Tax	**325**	713	**(134)**	(113)
Profit for the period	**1,581**	2,313	**553**	141
Equity	**16,973**	16,782	**16,973**	16,782
Assets	**36,029**	38,133	**36,029**	38,133
Cash flows from operating and investing activities (free cash flow)	**3,370**	(5,146)	**849**	(6,963)
Purchase of property, plant and equipment, gross	**364**	356	**171**	159
Key figures				
Core EBIT margin (%)	**25.1**	29.2	**16.9**	21.9
EBIT margin (%)	**11.3**	18.5	**10.1**	4.0
Return on equity (%)	**9.4**	13.8	**3.3**	0.8
Net debt/EBITDA (x)	**0.9**	1.4	**0.9**	1.4
Share data				
Number of shares for the calculation of EPS (millions)	**198.7**	198.7	**198.7**	198.7
Number of shares for the calculation of DEPS (millions)	**198.7**	198.7	**198.7**	198.7
Earnings per share, basic (EPS) (DKK)	**7.95**	11.64	**2.78**	0.71
Earnings per share, diluted (DEPS) (DKK)	**7.95**	11.64	**2.78**	0.71
Proposed dividend per share (DKK)	**2.50**	4.10	**-**	-
Other				
Number of employees (FTE) – end of period	**5,628**	5,806	**5,628**	5,806

NOTE: The comparative figures for 2019 are based on the restated figures as published in the "Adjusted Supplementary Information to the Annual Report 2019" in January 2021 presenting the changes required by the Danish Business Authority (“Erhvervsstyrelsen”).

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance

DKK	FY 2020 actual	2021 guidance
Revenue	17,672 million	**DKK 16.3 – 16.9 billion**
EBITDA	4,783 million	**DKK 3.5 – 4.0 billion**
Core EBIT	4,436 million	**DKK 3.1 – 3.6 billion**
Profit from operations (EBIT)	1,990 million	**DKK 1.8 – 2.3 billion**

Lundbeck's financial results for 2021 are expected to be driven by the continued growth of Abilify Maintena, Brintellix/Trintellix, Rexulti/Rxulti and the expected strong growth of Vyepti. Northera is expected to be exposed to generic competition in 2021, which is expected to lead to a decline of approximately 50% of revenue compared to 2020.

Lundbeck's main currencies are the USD, CNY and CAD. The financial guidance for 2021 is based on mid-January spot rates for the main currencies and includes an expected hedging gain of DKK 150 - 200 million. The current hedging rates are USD/DKK (6.48), CNY/DKK (0.92) and CAD/DKK (4.75).

Based on our assumptions for product and geographical mix, it is estimated that 5% change of the USD/DKK exchange rate will impact revenue by DKK 250 – 300 million.

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and unexpected growth in expenses.

Dividend

The Board of Directors proposes to pay a dividend of approximately 31% of net profit for 2020 in line with Lundbeck's pay-out policy of 30-60%. This corresponds to DKK 2.50 per share or a total of DKK 498 million. The dividend pay-out is subject to approval at the Annual General Meeting on 23 March 2021.

COVID-19 impact on Lundbeck's operations

Lundbeck's priorities during the global pandemic was and continues to be preserving the health and safety of its employees and continuing to safely supply all its medicines to the millions of patients around the world. We have successfully implemented and embraced new ways of working, including less travel activities and switching to virtual meeting solutions. We have seen gradual improvements to more normal working patterns across our operations though the current wave will have some impact on restrictions in various countries. However, the Lundbeck organisation is today much better able to address the situation.

While we benefitted somewhat in the first quarter from stocking from both patients and pharmacies, this impact was reversed in the second quarter and it is our assessment that the inventory situation is now normalized. Our product portfolio has generally been very resilient. In the U.S. primary care physicians are still seeing significantly fewer

patients than before the pandemic and therefore products such as Brintellix/Trintellix, which have more prescriptions coming from Primary Care Physicians (PCPs) than our other portfolio products, have been impacted by a lower number of new patient starts. A significant reduction of in-person patient visits to physician offices significantly reduced the use physician-administered therapies in the U.S. across all categories. The launch of Vyepti in April 2020 is significantly impacted by this, but we have seen gradually improvements during the year.

The COVID-19 pandemic also continues to impact clinical activities causing manageable disruptions especially for new study starts and for our early-stage studies.

Our cash collections continue to be according to our normal trade terms, and days sales outstanding are at normal levels. Lundbeck remains well positioned to meet its ongoing financial obligations and has more than enough liquidity to support our normal business activities.

Revenue

Revenue for 2020 reached DKK 17,672 million compared to DKK 17,036 million in 2019. The strategic brands (Abilify Maintena, Brintellix/Trintellix, Northera, Rexulti/Rxulti and Vyepti) grew by 13% for the period, reaching DKK 10,639 million or 60% of total revenue. The COVID-19 pandemic continues to impact business in many parts of the world and especially Trintellix and Rexulti. Furthermore, the depreciation of main currencies has significantly impacted growth rates. The inventory level at wholesalers is assessed to be normalized. The biggest markets are the U.S., China, Canada, Japan, Spain, Italy and France.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 12-18 months. Hedging had a positive impact of DKK 5 million in 2020, compared to a negative impact of DKK 322 million in 2019.

Revenue - products and regions

DKK million	FY 2020	FY 2019	*Growth*	*Growth in local currencies*	Q4 2020	Q4 2019	*Growth*	*Growth in local currencies*	Q3 2020
Abilify Maintena	**2,271**	1,961	*16%*	*17%*	**542**	504	*8%*	*12%*	553
Brintellix/Trintellix	**3,102**	2,826	*10%*	*13%*	**794**	803	*(1%)*	*6%*	733
Cipralex/Lexapro	**2,380**	2,314	*3%*	*7%*	**487**	505	*(3%)*	*3%*	566
Northera	**2,553**	2,328	*10%*	*12%*	**688**	722	*(5%)*	*3%*	663
Onfi	**642**	1,052	*(39%)*	*(38%)*	**156**	212	*(26%)*	*(21%)*	189
Rexulti	**2,620**	2,270	*15%*	*17%*	**616**	650	*(5%)*	*2%*	611
Sabril	**777**	847	*(8%)*	*(7%)*	**193**	204	*(5%)*	*2%*	191
Vyepti	**93**	-	-	-	**51**	-	-	-	28
Other pharmaceuticals	**2,738**	3,100	*(12%)*	*(9%)*	**557**	722	*(23%)*	*(19%)*	724
Other revenue	**491**	660	*(26%)*	*(25%)*	**136**	227	*(40%)*	*(39%)*	137
Effects from hedging	**5**	(322)	-	-	**55**	(128)	-	-	68
Total revenue	**17,672**	**17,036**	***4%***	***4%***	**4,275**	**4,421**	***(3%)***	***(1%)***	4,463
North America	**9,790**	9,583	*2%*	*4%*	**2,462**	2,646	*(7%)*	*0%*	2,421
International Markets	**4,057**	3,892	*4%*	*10%*	**803**	870	*(8%)*	*1%*	1,025
Europe	**3,329**	3,223	*3%*	*4%*	**819**	806	*2%*	*3%*	812

Products

Abilify Maintena (aripiprazole once-monthly injection) is approved for the treatment of schizophrenia in the EU and for both schizophrenia and bipolar I disorder in the U.S., Canada and Australia. Sales increased 16% (17% in local currencies) and reached DKK 2,271 million. The regional distribution of sales was 43%, 9% and 48% in North America, International Markets and Europe, respectively. The largest markets are the U.S., Spain, Canada, Australia and France.

Brintellix/Trintellix (vortioxetine) is approved for the treatment of major depressive disorder (MDD). Sales grew 10% (13% in local currencies) reaching DKK 3,102 million. The regional distribution of sales was 54%, 19% and 27% in North America, International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil. Brintellix/Trintellix has especially in the second half been impacted by the reduced promotional activity in many countries as a consequence of the COVID-19 pandemic thereby having impacted new patient enrolment negatively, particularly among primary care physicians (PCPs).

Cipralex®/Lexapro® (escitalopram) is approved for the treatment of major depressive disorder (MDD). Sales increased 3% (7% in local currencies) and reached DKK 2,380 million. The regional distribution of sales was 5%, 73% and 22% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Italy, South Korea, Canada and Brazil. In the fourth quarter, Cipralex/Lexapro grew 3% in local currency (declined 3% reported) and is thereby maintaining its very resilient performance.

Northera (droxidopa) is approved for the treatment of symptomatic neurogenic orthostatic hypotension (nOH). Sales from Northera increased 10% (12% in local currency) and reached DKK 2,553 million.

Rexulti/Rxulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Saudi Arabia. In Australia and Europe, the product is approved for schizophrenia. Lundbeck's share of revenue reached DKK 2,620 million in 2020, corresponding to a growth of 15% (17% in local currencies). The regional distribution of sales was 97%, 2% and 1% in North America, International Markets and Europe, respectively. Rexulti has especially in the second half been impacted by the reduced promotional activity as a consequence of the COVID-19 pandemic thereby having impacted new patient enrolment negatively, particularly among primary care physicians (PCPs).

Vyepti (eptinezumab-jjmr) is approved in the U.S. and Canada for the preventive treatment of migraine in adults. The product was launched in April 2020 in the U.S., and will be launched in Canada later in 2021, and reached sales of DKK 93 million – close to a doubling from the third to the fourth quarter of the year. Vial demand has more than doubled in the quarter.

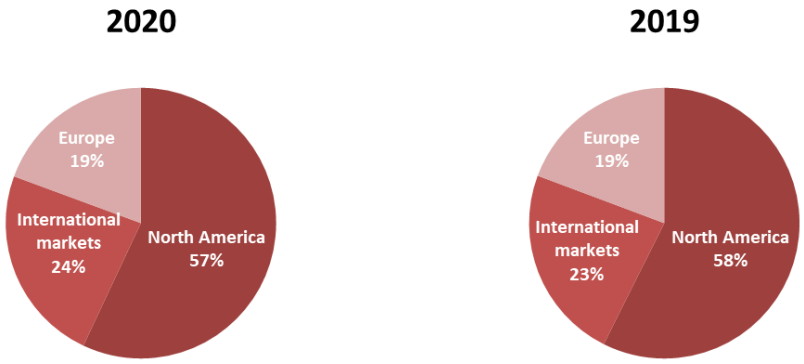
Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome, generated revenue of DKK 642 million, a decline of 39% (38% in local currency) compared to 2019. Onfi lost exclusivity in October 2018.

Sabril® (vigabatrin), for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS), faced the first generic competition in the third quarter of 2017. Revenue reached DKK 777 million in 2020.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 2,738 million compared to DKK 3,100 million in 2019 following lower sales of mature products such as Azilect®, Ebixa ®, Xenazine® and Selincro®. The largest markets are U.S., Canada, China, France and Spain.

Other revenue, which mainly consists of contract manufacturing, reached DKK 491 million compared to DKK 660 million in 2019. The decline in revenue is due to lower volumes for one of the third-party contracts.

Figure 1 – Revenue per region FY 2020 vs FY 2019 (excluding Other revenue and effects from hedging)



Key developments in the fourth quarter of 2020

In the fourth quarter of 2020, revenue declined 3% (1% in local currencies) and reached DKK 4,275 million compared to DKK 4,421 million the year before as a consequence of the COVID-19 pandemic having impacted new patient enrolment negatively, particularly among PCPs and of generic erosion on Sabril and Onfi.

North America

Revenue reached DKK 9,790 million in 2020 which is an increase of 2% (4% in local currencies) compared to DKK 9,583 million in 2019. Adjusting for Onfi, sales for the region increased 7%. The COVID-19 pandemic continues to impact business in the region and especially Trintellix and Rexulti. Furthermore, the depreciation of the USD has significantly impacted growth rates.

Revenue – North America

DKK million	FY 2020	FY 2019	*Growth*	*Growth in local currencies*	Q4 2020	Q4 2019	*Growth*	*Growth in local currencies*	Q3 2020
Abilify Maintena	**980**	845	*16%*	*18%*	**222**	227	*(2%)*	*6%*	235
Trintellix	**1,682**	1,579	*7%*	*9%*	**440**	476	*(8%)*	*(1%)*	408
Northera	**2,553**	2,328	*10%*	*12%*	**688**	722	*(5%)*	*3%*	663
Onfi	**642**	1,052	*(39%)*	*(38%)*	**156**	212	*(26%)*	*(21%)*	189
Rexulti	**2,537**	2,219	*14%*	*16%*	**593**	634	*(6%)*	*1%*	591
Sabril	**777**	847	*(8%)*	*(7%)*	**193**	204	*(5%)*	*2%*	191
Vyepti	**93**	-	-	-	**51**	-	-	-	28
Other pharmaceuticals	**526**	713	*(26%)*	*(25%)*	**119**	171	*(31%)*	*(27%)*	116
Total revenue	**9,790**	**9,583**	***2%***	***4%***	**2,462**	**2,646**	***(7%)***	***0%***	**2,421**

Products

Abilify Maintena revenue grew 16% (18% in local currencies) and reached DKK 980 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a volume market share of 20.7% and in Canada it reached 30.8% by October 2020 (source: IQVIA) representing a slight increase from July.

Trintellix sales grew 7% (9% in local currencies) to DKK 1,682 million in revenue for Lundbeck. The volume market share in the U.S. and Canada was unchanged 0.9% and 1.34% of the total anti-depressant market, respectively by

October 2020. The value market share of the total anti-depressant market in the U.S. was 24.3%. In Canada, the value market share of the total anti-depressant market was 24.0% by October 2020 (source: IQVIA).

Northera sales reached DKK 2,553 million in 2020, representing growth of 10% (12% in local currency).

Lundbeck's share of **Rexulti** revenue reached DKK 2,537 million with growth of 14% (16% in local currencies). In the U.S., Rexulti has achieved a market share of 2.1% by October 2020 in volume (source: IQVIA) which is unchanged since July. In Canada, the product has reached volume share of 2.5%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Vyepti was approved by the U.S. FDA on 21 February 2020 and in Canada in January 2021 for the preventive treatment of migraine in adults. The product was made available on 6 April and reached sales of DKK 93 million close to a doubling of sales in the fourth quarter vs. the third quarter and demand of vials more than doubled from third to fourth quarter. Vyepti can be obtained via selected specialty distributors and specialty pharmacies. It is still very early in the launch, and the uptake has been affected by general decline in physician-administered medicines during the pandemic. Nonetheless, more patients are being treated with Vyepti, and we are encouraged by the strong positive feedback from clinicians and patients who have used the product on the positive effects and the ease of use. There have also been several national and regional payers who have issued positive coverage policies and Vyepti is now available to more than 130 million insured patients without them having to go through any other branded prevention therapies.

In January 2021, Vyepti was approved by Health Canada for the preventive treatment of migraine in adults who have at least 4 migraine days per month.

Onfi revenue declined 39% (38% in local currency) to DKK 642 million. In October 2018, the U.S. FDA approved several versions of generic clobazam; both oral and suspension formulations.

Sabril revenue reached DKK 777 million. In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved.

Key developments in the fourth quarter of 2020

Revenue reached DKK 2,462 million in the fourth quarter of 2020, which was a decline of 7% (flat in local currencies). In general, the quarter is negatively impacted by less demand following the COVID-19 pandemic. Sabril grew by 2% (local currency) in the quarter. Revenue in North America contributed 60% of revenue (excluding Other revenue and effects from hedging) which is unchanged from last year.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 4,057 million in 2020, compared to DKK 3,892 million in 2019. The growth of 4% (10% in local currencies) was driven by Brintellix, Cipralex/Lexapro, Rexulti and Abilify Maintena. The biggest markets are Australia, Brazil, China, Japan and South Korea. China constitutes approximately 25% of the regional revenue.

Revenue – International Markets

DKK million	FY 2020	FY 2019	*Growth*	*Growth in local currencies*	Q4 2020	Q4 2019	*Growth*	*Growth in local currencies*	Q3 2020
Abilify Maintena	**210**	165	*27%*	*30%*	**54**	41	*31%*	*34%*	48
Brintellix	**583**	517	*13%*	*24%*	**140**	120	*17%*	*35%*	133
Cipralex/Lexapro	**1,730**	1,638	*6%*	*11%*	**328**	355	*(8%)*	*1%*	402
Rexulti	**65**	40	*61%*	*74%*	**17**	12	*43%*	*58%*	16
Other pharmaceuticals	**1,469**	1,532	*(4%)*	*0%*	**264**	342	*(23%)*	*(17%)*	426
Total revenue	**4,057**	**3,892**	***4%***	***10%***	**803**	**870**	***(8%)***	***1%***	**1,025**

Products

Abilify Maintena reached DKK 210 million in revenue representing a growth of 27% (30% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a volume share of 28.5% by October 2020 (Source: IQVIA) representing an increase from 27.7% in July. Countries such as Kuwait and Saudi Arabia also had a positive impact.

Brintellix reached DKK 583 million in revenue or an increase of 13% (24% in local currencies). Brintellix realized solid growth across several markets, but the growth is also impacted by quarterly fluctuations. Brazil, China, Mexico, South Korea and Turkey are the largest markets for Brintellix in the region.

Rexulti reached DKK 65 million in 2020. In International Markets, the product has its highest sales in Australia. In Australia, Rexulti has achieved a market share of 2.0% in volume in October 2020 (source: IQVIA).

Vyepti received approval in United Arab Emirates (UAE) in December 2020 making it the second country in the world to receive approval within 2020.

Cipralex/Lexapro generated revenue of DKK 1,730 million representing a growth of 6% (11% in local currencies). The revenue of the product shows solid growth in most countries in the region including Japan and China. Japan, China, South Korea, Brazil and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 1,469 million.

Azilect is promoted by Lundbeck in some countries in Asia. Azilect generated revenue of DKK 119 million. **Ebixa** generated revenue of DKK 496 million, which is 5% lower compared to 2019. Azilect and Ebixa are included in Other pharmaceuticals.

Key developments in the fourth quarter of 2020

Revenue in the fourth quarter was DKK 803 million, corresponding to a growth of 1% in local currencies. In general, the quarter is negatively impacted by timing of shipments and inclusion of Ebixa in the third round of value-based procurement in China. In the fourth quarter, International Markets constituted 20% of revenue (excluding Other revenue and effects from hedging).

Europe

Revenue reached DKK 3,329 million in 2020, representing a growth of 3% (4% in local currencies) compared to DKK 3,223 million the year before. In general, Europe sees robust underlying demand offsetting a continuous negative average price development. The mature portfolio is impacted by continued generic erosion.

Revenue – Europe

DKK million	FY 2020	FY 2019	*Growth*	*Growth in local currencies*	Q4 2020	Q4 2019	*Growth*	*Growth in local currencies*	Q3 2020
Abilify Maintena	**1,081**	951	*14%*	*14%*	**266**	236	*12%*	*14%*	270
Brintellix	**837**	730	*15%*	*15%*	**214**	207	*3%*	*4%*	192
Cipralex	**523**	538	*(3%)*	*(3%)*	**133**	116	*16%*	*16%*	132
Rexulti/Rxulti	**18**	11	*62%*	*57%*	**6**	4	*31%*	*31%*	4
Other pharmaceuticals	**870**	993	*(12%)*	*(12%)*	**200**	243	*(17%)*	*(16%)*	214
Total revenue	**3,329**	**3,223**	***3%***	***4%***	**819**	**806**	***2%***	***3%***	**812**

Products

Abilify Maintena has been launched across Europe and is Lundbeck's largest product in the region. Sales uptake of Abilify Maintena is solid with revenue reaching DKK 1,081 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product has achieved a 25% or more market share (volume) in most markets. In some markets the volume market share is approaching or has exceeded 30%. Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. Spain, France and Italy are the largest European markets for Abilify Maintena.

Brintellix revenue grew 15% reaching DKK 837 million. Brintellix is Lundbeck's second largest product in Europe and realized solid growth across many markets. In main countries, France, Italy and Spain, the product has achieved value market shares of 10%, 9% and 9%, respectively by October 2020 (source: IQVIA). The volume shares are stable or slightly increasing at 4%, 3.6% and 3%, respectively (source: IQVIA). The solid growth in European markets has in some markets been dampened by a negative impact from the COVID-19 pandemic.

Rexulti/Rxulti revenue reached DKK 18 million. The product was approved for the treatment of adults with schizophrenia in July 2018. The product was recently launched in Italy and Czech Republic and is planned to be launched in Spain later in 2021. Rxulti is co-marketed with Otsuka Pharmaceuticals.

Cipralex generated revenue of DKK 523 million following a decline of 3%.

Revenue from **Other pharmaceuticals** was DKK 870 million, a decline of 12% compared to 2019 following continued generic erosion of mature products.

Key developments in the fourth quarter of 2020

In the fourth quarter, revenue increased 2% and reached DKK 819 million compared to DKK 806 million in the same period last year and was impacted by reduced demand as a consequence of COVID-19. Cipralex was in the quarter benefitting from quarterly fluctuations. Europe constitutes 20% of revenue (excluding Other revenue and effects from hedging) which is unchanged from last year.

Expenses and profits

Total costs in 2020 grew by 17% to DKK 15,623 million compared to DKK 13,369 million in 2019. The increase is due to

1) Increased investments in the commercial organisation in the U.S., China and Japan related to support the continued growth of Brintellix/Trintellix and Vyepti
2) Impairment in the first half of 2020 of the foliglurax product rights and R&D restructuring costs both recognized in R&D costs of DKK 792 million and DKK 77 million, respectively

3) The manufacturing of Vyepti has shown to be more cost effective and thus production costs will be lower going forward. In the fourth quarter new information related to the inventory valuation was obtained about facts and circumstances that existed as of the acquisition date. This information resulted in a partial reversal of the P&L adjustment of inventory against goodwill. Net non-recurring impact for the year is DKK 47 million (non-cash)
4) Increase in amortization due to Vyepti of around DKK 500 million

Excluding the non-recurring costs for foliglurax impairment, the R&D restructuring costs and the Vyepti inventory valuation adjustment, total costs increased by approximately 10%.

Distribution of costs

DKK million	FY 2020	FY 2019	*Growth*	Q4 2020	Q4 2019	*Growth*	Q3 2020
Cost of sales	**4,166**	3,840	*8%*	**1,021**	1,063	*(4%)*	1,271
COS-ratio	***23.6%***	*22.6%*	-	***23.9%***	*24.0%*	-	*28.5%*
Sales and distribution costs	**5,946**	5,514	*8%*	**1,658**	1,537	*8%*	1,366
S&D-ratio	***33.6%***	*32.3%*	-	***38.8%***	*34.8%*	-	*30.6%*
Administrative expenses	**966**	899	*7%*	**274**	240	*14%*	245
G&A-ratio	***5.5%***	*5.3%*	-	***6.4%***	*5.5%*	-	*5.5%*
Research & development costs	**4,545**	3,116	*46%*	**883**	890	*(1%)*	951
R&D-ratio	***25.7%***	*18.3%*	-	***20.7%***	*20.1%*	-	*21.3%*
Total costs	**15,623**	**13,369**	***17%***	**3,836**	**3,730**	***3%***	**3,833**

Cost of sales increased by 8% to DKK 4,166 million in 2020 and the **gross margin** is 76.4%. Cost of sales is impacted by the valuation adjustment of Vyepti's inventory due to the stabilization of the production after the start-up phase and the decline in Onfi sales that is offset by changed product mix, resulting in reduced royalty costs. Amortization of product rights was DKK 1,548 million for the year compared to DKK 1,309 million last year.

Sales and distribution costs were DKK 5,946 million, an increase of 8% compared to 2019. The increase is mainly due to investments in the commercial organisation in the U.S., China and Japan related to support the continued growth of Brintellix/Trintellix and Vyepti. Sales and distribution costs correspond to 33.6% of revenue, compared to 32.3% the year before.

Administrative expenses increased 7% to DKK 966 million, corresponding to 5.5% of total revenue. The increase is partly a result of increased depreciations/write-downs of equipment.

SG&A costs for the period were DKK 6,912 million, compared to DKK 6,413 million in 2019. The SG&A ratio for the period was 39.1%, compared to 37.6% the prior year.

Research & development costs increased 46% to DKK 4,545 million for the year. The R&D ratio reached 25.7%. R&D costs are impacted by increased clinical activity for Vyepti, costs related to the impairment of foliglurax of DKK 792 million announced on 27 March 2020 and R&D restructuring costs related the changes in the R&D organization announced on 9 June 2020. Adjusted for the impairment and the restructuring costs, the R&D ratio was 21%.

Other operating expenses, net amounted to DKK 59 million for 2020 as a consequence of integration costs related to the Alder acquisition in 2019. In 2019, other operating expenses, net amounted to DKK 514 million.

Key developments in the fourth quarter of 2020

In the fourth quarter of 2020, total costs amounted to DKK 3,836 million, which represents growth of 3%.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 2,793 million in 2020 compared to DKK 1,670 million in 2019. The increase is mainly a consequence of the impairment of foliglurax product rights of DKK 792 million. Amortization of product rights was DKK 1,548 million for the year compared to DKK 1,309 million last year. For the fourth quarter, the amortization of product rights reached DKK 416 million compared to DKK 330 million last year as Vyepti is now being amortized.

Depreciation, amortization and impairment charges

DKK million	FY 2020	FY 2019	*Growth*	Q4 2020	Q4 2019	*Growth*	Q3 2020
Cost of sales	**1,758**	1,479	*19%*	482	375	*29%*	469
Sales and distribution cost	**111**	89	*25%*	37	24	*58%*	24
Administrative expenses	**52**	26	*95%*	32	9	*228%*	7
Research & development costs	**872**	76	*1,049%*	20	22	*(6%)*	20
Total depreciation, amortization and impairment charges	**2,793**	**1,670**	***67%***	**571**	**430**	***33%***	**520**

Profit from operations (EBIT and core EBIT)

Core EBIT for 2020 declined 11% to DKK 4,436 million and the **Core EBIT margin** was 25.1%. Reported **EBIT** reached DKK 1,990 million compared to DKK 3,153 million in 2019, driven by the foliglurax impairment and the valuation adjustment of Vyepti's inventory due to the stabilization of the production after the start-up phase.

For definition of the measures "Core Revenue", "Core EBIT", "Core EBIT margin" and "Core EPS", see note 5 *Core reporting*.

Net financials, expenses

Lundbeck generated a **net financial expense** of DKK 84 million in 2020, compared to a net financial expense of DKK 127 million in 2019. The variation is mainly due to a fair value adjustment gain of DKK 70 million in connection with the investment in Imara, Inc. recognized in 2020 and in which Lundbeck has a 3% stake.

The **financial expenses, net** in 2020 are broken down into financial expenses, mainly consisting of interest costs on the loan portfolio (including interest rate swaps) and banking costs, and financial income which mainly consists of net gains in other financial assets.

Tax

The effective tax rate for 2020 is 17.0% compared to 23.6% in 2019. The tax rate is positively impacted by the increase in Danish research & development incentives and by integration work of acquired companies causing:

- Accelerated utilization of net operating losses (NOLs) leading to recognition of prior year not-recognized NOLs and tax credits (effect not realized until the fourth quarter of 2020)
- Lower blended state rate taxes (effect not realized until Q4)
- Low tax rate realized on transfers to Denmark of all IP rights from La Jolla and all IP rights related to foliglurax (effect realized in Q1)

Profit and EPS for the year

Profit for the year reached DKK 1,581 million compared to DKK 2,313 million in 2019. The reported net profit corresponds to an **EPS** of DKK 7.95 versus an EPS of DKK 11.64 last year. **Core EPS** was DKK 18.91 for 2020, compared to a Core EPS of DKK 19.46 in 2019.

In the fourth quarter of 2020, **profit for the period** grew by 292% compared to the previous year thereby reaching DKK 553 million. **Core EPS** decreased from DKK 4.06 to DKK 4.04.

Cash flow

Cash flows from operating activities amounted to DKK 3,837 million in 2020 compared to DKK 2,609 million in 2019. The positive development compared to last year primarily relates to reduced taxes paid and limited cash flow impact from working capital in 2020 while 2019 had significant negative impact from working capital.

Lundbeck's **net cash flows from investing activities** was an outflow of DKK 467 million compared to an outflow of DKK 7,755 million in 2019 as a consequence of the acquisition of Alder. The **free cash flow** reached an inflow of DKK 3,370 million in 2020 compared to an outflow of DKK 5,146 million in 2019.

In 2020, the **net cash flow** reached DKK 976 million compared to an outflow of DKK 598 million in 2019. The net cash flow is impacted by dividend payout of DKK 815 million which was approved at the Annual General Meeting in March 2020 and repayment of bank loans.

Net debt has decreased from DKK 6,566 million at year-end 2019 to DKK 4,106 million at the end of 2020. **Interest bearing debt** was DKK 8,030 million at the end of 2020.

On 8 October 2020 Lundbeck announced, the successful Eurobond issuance in an aggregate principal amount of EUR 500 million (the "Notes") under its EUR 2 billion Euro Medium Term Note Programme. The Notes are senior unsecured notes with a tenor of seven years maturing 14 October 2027. The Notes were issued on 14 October 2020. The net proceeds from the first issuance is used for the partial refinancing of drawdowns previously made under Lundbeck's existing revolving credit facility. As such, the issuance is leverage-neutral. The Notes carry a fixed coupon of 0.875% per annum.

Balance sheet

At 31 December 2020, Lundbeck's **total assets** amounted to DKK 36,029 million compared to DKK 38,133 million at the end of 2019 mainly following a decline in **intangible assets** due to amortization and the impairment of foliglurax.

At 31 December 2020, Lundbeck's **equity** amounted to DKK 16,973 million, corresponding to an **equity ratio** of 47.1% compared to 44.0% at the end of 2019.

Lundbeck's development portfolio

Lundbeck is developing several new and promising medicines for the treatment of brain diseases. Pipeline developments are summarized below.

Project	Area	Phase I	Phase II	Phase III	Filing
Hormonal / neuropeptide signalling:					
Eptinezumab (anti-CGRP-mAb)	Migraine prevention				
	Episodic cluster headache				
Lu AG09222 (PACAP mAb)[3]	Migraine				
Circuitry / neuronal biology:					
Brexpiprazole[1]	Agitation in Alzheimer's disease				
	PTSD				
	Borderline personality disorder				
Aripiprazole 2-months injectable	Schizophrenia/bipolar I disorder			Pivotal phase I study finalized	
Lu AG06466 (MAGLi)[2]	PTSD				
	Neurology/psychiatry		3 other phase Ib studies to start during 2021		
Lu AG06479 (MAGLi)[2]	Neurology/psychiatry				
Lu AF28996 (D_1/D_2 agonist)	Parkinson's disease				
Protein aggregation, folding and clearance:					
Lu AF82422 (alpha-synuclein mAb)	Synucleinopathies				
Lu AF87908 (Tau mAb)	Tauopathies				

1) Acts as a partial agonist at 5-HT_{1A} and dopamine D_2 receptors at similar potency, and an antagonist at 5-HT_{2A} and noradrenaline alpha$_{1B/2C}$ receptors.
2) MAGLi: Monoacylglycerol lipase inhibitor ("MAGlipase").
3) PACAP: inhibits pituitary adenylate cyclase-activating polypeptide

Eptinezumab – approved by FDA on 21 February 2020 and by Health Canada in January 2021

In February 2020, Lundbeck announced that Vyepti (eptinezumab-jjmr) was approved by the U.S. Food and Drug Administration (FDA) for the preventive treatment of frequent episodic and chronic migraine in adults. The recommended dose is 100 mg every 3 months; some patients may benefit from a dose of 300 mg. Vyepti is the first FDA-approved intravenous (IV) treatment for migraine prevention. Furthermore, eptinezumab was approved in UAE in December 2020 and in Canada in January 2021.

Eptinezumab is a monoclonal antibody (mAb) that is administered as a quarterly 30-minute IV infusion. Eptinezumab provides immediate and complete bioavailability and binds to calcitonin gene-related peptide (CGRP), a neuropeptide believed to play a key role in mediating and initiating migraines, with high specificity and potency.

In December 2020, Lundbeck announced the acceptance of the filing for eptinezumab by the European Medicines Agency (EMA) for marketing authorization application (MAA) review. The acceptance of the Vyepti MAA for review marks the beginning of the formal review procedure for this potential new treatment by the EMA's Committee for Medicinal Products for Human Use (CHMP).

In December 2020, Lundbeck initiated *ALLEVIATE,* a phase III clinical study investigating the efficacy of eptinuzumab in patients with episodic cluster headache (*ALLEVIATE*). The study (NCT04688775) is planned to recruit around 300 eligible patients that will be randomly assigned to receive, in a blinded manner, two infusions of either eptinezumab or placebo in a cross-over manner during the placebo-controlled period and active treatment period of the study. The total duration of the study is 24 weeks, including a safety follow up period of 8 weeks (n = 304).

In August 2020, Lundbeck announced headline results from the parallel group, double-blind, randomized, placebo-controlled *RELIEF*-study (NCT04152083) that assessed the efficacy and tolerability of Vyepti when initiated during a migraine attack in patients who are candidates for preventive therapy. The study met statistical significance on

the co-primary endpoints, demonstrating that patients receiving a 100 mg Vyepti infusion during a migraine attack achieved earlier time to freedom from headache pain and absence of their most bothersome symptom compared to patients receiving placebo. The most bothersome symptom was the individual patient's choice between photophobia, phonophobia and nausea. The key secondary endpoints of proportion of patients with pain freedom and proportion of patient with absence of their most bothersome symptom at 2 hours after the start of infusion, also met statistical significance. All other secondary endpoints were also statistically significant.

In June 2020, Lundbeck initiated the *DELIVER* study (NCT04418765). The purpose of this study is to evaluate eptinezumab in the prevention of migraine in patients with unsuccessful prior preventive treatments. The patient must have documented evidence of treatment failure (must be supported by medical record or by physician's confirmation specific to each treatment) in the past 10 years of 2-4 different migraine preventive medications and have a history of either previous or active use of triptans for migraine. The total study duration from the screening visit to the completion visit is approximately 76 weeks and includes a screening period (28-30 days), a placebo-controlled treatment period (24 weeks) and a treatment extension period (48 weeks). The patient will start treatment at the baseline visit and follow a 12-week dosing schedule with either eptinezumab (100 or 300 mg) or placebo by intravenous (IV) infusion. Patients who were assigned to placebo in the placebo-controlled treatment period, will be randomly allocated to one of two treatment groups: eptinezumab 300 mg or eptinezumab 100 mg (n = 840).

Regulatory review ongoing in eight markets (Australia, Brazil, EU, Indonesia, Kuwait, the Philippines, Singapore, and Switzerland).

Aripiprazole – 2-Month Injectable (LAI) formulation initiated in July 2019

In July 2019, Lundbeck and Otsuka Pharmaceutical initiated a pivotal phase 1b study (NCT04030143) to determine the safety, tolerability and pharmacokinetics of multiple-dose administrations of aripiprazole to adult participants with schizophrenia or bipolar I disorder. The study was an open-label, multiple-dose, randomized, parallel-arm, multicenter study. In addition to assessment of safety and tolerability, the objective was to establish the similarity of aripiprazole concentrations on the last day of the dosing interval and the exposure in the last dosing interval following the final administration of aripiprazole into the gluteal muscle site. The study showed that the new 2-Month formulation, while being safe and tolerable, provided effective plasma concentrations of aripiprazole for two months. This implies that the new formulation can be dosed every second month compared to Abilify Maintena which is given on a monthly basis.

Dosing every second month can add important benefits in terms of convenience for the patients and may increase treatment adherence as well as minimizing risk of missing doses and it may reduce the potential need for medication monitoring by healthcare professionals, family and caregivers.

No further clinical studies are expected to be required and as a next step the regulatory agencies in U.S. and EU will be approached. Scale-up of manufacturing capacity is progressing at Otsuka Pharmaceuticals with regulatory submission gated on completing build and validation of new manufacturing capacity at Otsuka. The new 2-Month formulation is an innovative addition to the LAI franchise and has patent protection until the early part of the next decade.

Brexpiprazole – phase III in Alzheimer's agitation commenced in 2013

In May 2018, Lundbeck and Otsuka Pharmaceutical announced that the two companies' third clinical phase III study (NCT03548584) of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type commenced. The decision to initiate a third adaptive trial followed discussions with the U.S. Food and Drug Administration (FDA) regarding two phase III clinical trials for the agitation in Alzheimer's disease indication that were completed by Otsuka and Lundbeck in 2017. In 2020, the global Covid-19 pandemic impacted recruitment and

conduct of the trial. As the extent of the pandemic impact is unknown, it was decided to increase the power of the trial and adjust the sample size to the maximum of 330 subjects and conduct an interim analysis, when a targeted sample of 255 subjects have completed the trial. The interim analysis decision will be in accordance with pre-specified criteria and conducted by an independent Data Monitoring Committee and expected to take place during the second quarter of 2021. Should the study need to recruit all 330 patients, completion of the study is anticipated in the beginning of 2022 based on the current assessment of patient recruitment. The changes are not due to any safety concerns and the increased sample size and the plans to perform the interim analysis has been accepted by the FDA.

Brexpiprazole – phase III in PTSD commenced in October 2019

Lundbeck and Otsuka Pharmaceutical have initiated a pivotal phase III programme (n = ~577) investigating the use of brexpiprazole in combination with sertraline in the treatment of PTSD (NCT04124614) subsequent to an *End of Phase II* meeting with the US Food and Drug Administration (FDA) in May 2019.

Post-Traumatic Stress Disorder (PTSD) is a psychiatric disorder that can develop as a response to traumatic events, such as interpersonal violence, combat, life-threatening accidents or natural disasters. Core features of PTSD include a variety of symptoms, such as re-experiencing phenomena (i.e. flashbacks and nightmares), avoidance behavior, numbing (i.e. amnesia, anhedonia, withdrawal, negativism) and increased arousal (i.e. insomnia, irritability, poor concentration, hypervigilance). Psychiatric co-morbidities are common, and PTSD sufferers can also present with substance abuse, mood and other anxiety disorders, impulsive and dangerous behavior and self-harm.

Lundbeck and Otsuka Pharmaceutical reported positive phase II data for the combination treatment of brexpiprazole and sertraline for the treatment of PTSD in November 2018.

Brexpiprazole – phase II for borderline personality disorder commenced in October 2019

Lundbeck and Otsuka Pharmaceutical have initiated a proof-of-concept study (n = ~240) investigating the use of brexpiprazole in the treatment of borderline personality disorder (BPD) subsequent to Type B meeting with the FDA in May 2019 (NCT04100096). BPD is characterized by a pervasive pattern of instability in affect regulation, impulse control, interpersonal relationships, and self-image. The clinical signs of the disorder include emotional dysregulation, impulsive aggression, repeated self-injury, and chronic suicidal tendencies, which make these patients frequent users of mental health resources. There is no medication approved for BPD. In October 2019, FDA has designated as a *Fast Track* development programme the investigation of brexpiprazole for borderline personality disorder.

Lu AG06466 – phase Ib commenced in September 2020

Lu AG06466 is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. The purpose of this study is to investigate the effect of Lu AG06466 after multiple doses in patients with PTSD.

Lundbeck is planning investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center. Trials across the indications will assess a variety of common biomarkers to develop tools to help guide further late-stage development.

Lu AG06479 (former ABX1762) – phase I commenced in July 2020

Lu AG06479 is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. The purpose of this study is to

investigate the safety, tolerability and pharmacokinetic of Lu AG06479 after single dose administration to healthy volunteers (NCT04473651). The distribution profile of this agent differs from Lu AG06466 in that it is only moderately brain penetrant.

Lu AG09222 (former ALD 1910) – phase I commenced in October 2019

Lu AG09222 is a monoclonal antibody (mAb) designed to inhibit pituitary adenylate cyclase-activating polypeptide (PACAP) for migraine prevention. PACAP has emerged as an important signalling molecule in the pathophysiology of migraine and represents an attractive novel target for treating migraine. Lu AG09222 may hold potential as a migraine prevention treatment for those who have an inadequate response to other therapies and could provide another mechanism-specific therapeutic option for migraine patients and their physicians. The phase I double-blind, placebo-controlled study of Lu AG09222 has completed enrolment of approximately 100 healthy men and women between the ages of 18 and 55 and will assess the safety, tolerability and pharmacokinetic profile of Lu AG09222 at various doses (NCT04197349).

Lu AF87908 – phase I commenced in September 2019

Lu AF87908 is a monoclonal antibody (mAb) targeting the pathological form of the protein tau that is believed to play a pivotal role in the development and progression of Alzheimer's disease and other neurodegenerative disorders. By targeting pathological tau with an antibody that will inhibit aggregation and potentially clear pathological tau from the brain, the project aims to demonstrate delay of disease progression with a therapeutic effect on disease burden and function. The ability to offer a treatment that will change the course of the disease will offer a fundamental improvement compared to currently available symptomatic treatments. The purpose of this study is to investigate the safety of a single dose of Lu AF87908, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Alzheimer's Disease (NCT04149860).

Lu AF82422 – phase I commenced in July 2018

Lu AF82422 is a monoclonal antibody (mAb) targeting the pathological form of the protein alpha-synuclein that is believed to play a pivotal role in the development and progression of e.g. multiple system atrophy (MSA) and Parkinson's disease and other neurodegenerative disorders. By targeting pathological alpha-synuclein with an antibody that will inhibit aggregation and potentially clear pathological alpha-synuclein from the brain, the project aims to demonstrate delay of disease progression with a therapeutic effect on disease burden and function. The ability to offer a treatment that will change the course of the disease will offer a fundamental improvement compared to currently available symptomatic treatments. The purpose of this study is to investigate the safety of a single dose of Lu AF82422, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Parkinson's disease (NCT03611569).

Closed studies

In December 2020, Lundbeck discontinued **Lu AF88434**, an inhibitor of the phosphodiesterase type 1 (subtype specific for PDE1B) enzyme, in phase I as the compound demonstrated insufficient brain exposure. The PDE1B inhibitor programme will continue with a back-up compound currently in pre-clinical development.

In August 2020, Lundbeck announced the decision to discontinue the phase II proof of concept clinical study of **Lu AF11167** (PDE10 inhibitor) in patients with schizophrenia, who were experiencing persistent negative symptoms. The decision to stop the trial was based on the results of a futility interim analysis, which concluded that the trial is unlikely to achieve statistical significance on its primary endpoint. The recommendation to stop the trial was not based on safety concerns.

In March 2020, Lundbeck announced that the phase IIa study (*AMBLED*) of its novel selective positive allosteric modulator of the glutamate 4 receptor (mGlu4 PAM), **foliglurax**, for the treatment of Parkinson's disease did not

meet the primary study endpoint. There was no statistically significant difference in change from baseline in OFF time versus placebo after a 4-week treatment period. The difference in change from baseline versus placebo was 0.27h and 0.44h for the 10 and 30 mg doses (twice daily) respectively, as assessed by the Hauser diary. Neither of the foliglurax doses separated from placebo on dyskinesia (secondary endpoint). The study showed an acceptable clinical safety and tolerability profile in patients with Parkinson's disease. The development programme of foliglurax has been terminated.

In March 2020, Lundbeck announced clinical results of a phase IIa investigational study with **Lu AG06466** for the treatment of adult patients with Tourette Syndrome (TS). The randomized, double blind, placebo controlled and with individual dose titration clinical trial enrolled 48 patients at multiple sites in Europe. In this study the primary endpoint, Yale Global Tic Severity Scale (YGTSS-TTS) was not statistically significant in favouring Lu AG06466 compared to placebo after 28 and 56 days of treatment. The study did not show any adverse events that prohibit development in other indications.

Following the terminated programme in TS, Lundbeck has no additional milestone obligations related to this project. Lundbeck is planning investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center.

In April 2020, Lundbeck stopped the phase I study of **Lu AF95245** (NCT04199585) as the drug did not have the desired pharmacokinetic profile and that safety margins were unfavourable.

Sustainability update

Lundbeck's sustainability activities aim to ensure that our business activities are conducted in a way that supports the SDGs and mitigate significant risks and adverse impacts. We continuously set ambitious targets, report on progress and disclose a set of externally audited, non-financial indicators across all areas of corporate sustainability and business ethics compliance.

In Lundbeck's Sustainability Report 2020 we report on our most significant impact on society and progress on our sustainability aspirations. This year, the report contains a Factbook section which offers sustainability analysts detailed facts, figures and references on how we govern, manage and monitor sustainability. The Factbook covers Environmental, Social and Governance (ESG) issues.

We are proud to report that Lundbeck has significantly improved its ESG ratings in 2020 with a concerted effort to report relevant information for investors and analysts.

Please go to https://www.lundbeck.com/global/sustainability to view the report.

Full year results

Lundbeck is committed to climate neutrality and setting science-based targets. In 2020, Lundbeck had a new science-based target approved, having overperformed on our previous science-based target.

In 2020, we continued our focus on saving energy and reduce carbon emissions, e.g. by replacing conventional fuel oil with bio-oil. In 2020, the indirect emissions from our purchased energy was also reduced. In total, we achieved a reduction in carbon emissions from production of 14% compared to 2019, achieving our yearly target of 4%. In

the same period our production volume has increased, and our energy consumption was almost unchanged. We have not purchased certificates of origin in 2020 to achieve this result.

Lundbeck is happy to report a decrease in accident frequency of 11% in 2020 compared to 2019, due to preventive actions and less activities on our sites caused by Covid-19 measures. We were however not successful in reaching our 2020 target of a frequency of lost time accident rate below 5, with a rate for the full year of 5.5

Category	FY 2020	FY 2019	*Change (%)*
Energy (MWh)*	**100,724**	99,605	*1%*
CO_2 (tonnes)*	**14,712**	17,012	*(14%)*
Work-related accidents with absence (accidents per 1 million working hours)*	**5.5**	6.2	*(11%)*
Number of employees (FTE)	**5,628**	5,806	*(3%)*

* This data covers our headquarters and larger affiliates with research, development and manufacturing activities. Scope 1 and 2 emissions. Estimated 95% of GHG emissions is CO2 emissions. Data for GHG's in 2019 has been updated due to updated district heating consumption. Four new affiliates have been included in the energy inventory from 2019

You can read our most recent sustainability report on https://www.lundbeck.com/global/sustainability.

General corporate matters

Pending legal proceedings and regulatory

The Group is involved in a number of legal proceedings, including patent disputes, the most significant of which are described below. The outcome of these proceedings will not have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements, or it is too uncertain to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). Lundbeck paid and expensed the fine in the third quarter of 2013. In September 2016, Lundbeck announced that the General Court of the European Union had delivered its judgment concerning Lundbeck's appeal against the European Commission's 2013 decision. Lundbeck's appeal was rejected by the General Court. Lundbeck has appealed the judgment to the European Court of Justice. An oral hearing was conducted by the European Court of Justice in January 2019. The Advocate General delivered her opinion to the European Court of Justice on 4 June 2020. In the opinion, the Advocate General proposes that the European Court of Justice should uphold the fine of EUR 93.8 million imposed on Lundbeck. The final judgment will be delivered on 25 March 2021. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice. Health authorities in the UK and the Netherlands have taken formal protective steps against Lundbeck with the principal purpose of preventing potential claims from being time-barred under the applicable statutes of limitation. Lundbeck expects no further material development in these matters until after the European Court of Justice has issued its final judgment.

In Canada, Lundbeck is involved in three product liability class-action lawsuits relating to Cipralex/Celexa® (two cases alleging various Celexa-induced birth defects and one case against several SSRI manufacturers (incl. Lundbeck) alleging that SSRI (Celexa/Lexapro) induces autism birth defect); three relating to Abilify Maintena (alleging i.a. failure to warn about compulsive behaviour side effects), and one relating to Rexulti (also alleging i.a.

failure to warn about compulsive behaviour side effects). The cases are in the preliminary stages and as such there is significant uncertainty as to how these lawsuits will be resolved. Lundbeck strongly disagrees with the claims raised.

In 2018, the Group entered into settlements with three of four generic companies involved in an Australian federal court case, in which Lundbeck was pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. In Lundbeck's case against the last of the four generic companies, Sandoz Pty Ltd, the Federal Court found that Sandoz Pty Ltd had infringed Lundbeck's escitalopram patent between 2009 and 2012 and awarded Lundbeck AUD 26.3 million in damages. Sandoz' appeal of the decision was heard in May 2019 and the Full Federal Court has in August 2020 allowed Sandoz' appeal and decided that Sandoz is not liable for damages. Lundbeck's application for special leave to appeal the decision to the High Court will be heard in February 2021.

Together with Takeda, Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the U.S. Two opponents have withdrawn and Lundbeck has now settled with eight opponents. The cases against the six remaining opponents continue. The trial with the six opponents was in late January 2021 and decision is currently expected within seven months after the trial. Lundbeck has strong confidence in its vortioxetine patents. The FDA cannot grant marketing authorization to the generic companies unless they receive a decision in their favour. The compound patent, including patent term extensions, will expire in the U.S. on 17 December 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

Together with Otsuka Pharmaceutical, Lundbeck has instituted patent infringement proceedings against several generic companies that have applied for marketing authorization for generic versions of Rexulti in the U.S. Lundbeck has strong confidence in the Rexulti patents. The FDA cannot grant marketing authorization in the U.S. to the generic companies before the patents expire unless the generic companies receive decisions in their favour.

In February 2019, Alder BioPharmaceuticals, Inc. (now a wholly owned subsidiary of Lundbeck LLC and since renamed Lundbeck Seattle BioPharmaceuticals, Inc.) terminated a Development and Manufacturing Services Agreement (DMSA) with Lonza Ltd. (Lonza), based on material breaches of that agreement by Lonza. In April 2019, Lonza filed a claim for arbitration with the American Arbitration Association (AAA), asserting claims for breach of contract and declaratory judgment arising from the termination. The case was settled in January 2021 with no significant impact on the financial position at 31 December 2020.

Lundbeck received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ") in March 2020. The CID seeks information regarding the sales, marketing, and promotion of Trintellix. Lundbeck is cooperating with the DOJ.

Long-term incentive programmes in the Lundbeck Group

In February 2020, Lundbeck granted a Restricted Share Unit (RSU) programme or a Restricted Cash Unit (RCU) programme to members of Lundbeck´s Executive Management and to key employees in Denmark and abroad.

In February 2021, a RSU and a RCU programme will be granted free of charge to members of Lundbeck´s Executive Management and to key employees (approximately 140) in Denmark and abroad.

The RSUs and RCUs will vest in 2024 (three years after grant) if predetermined vesting criteria are met. Vesting is predominantly subject to Lundbeck achieving certain financial targets specified by the Board of Directors and to continued employment with the Lundbeck Group in the period from grant until the RSUs and RCUs vest. The RSUs

and RCUs will vest free of charge at time of vesting. The value of the granted RSUs and RCUs at the time of vesting will depend on the number of RSUs and RCUs vesting (if any) and the development in Lundbeck's share price.

Each RSU gives the participant a right to receive one share in Lundbeck at the time of vesting and each RCU gives the participant a right to receive a cash payment in the amount of the market price of one share in Lundbeck at the time of vesting. The RSUs will be covered by purchase of own shares and no new shares will be issued in connection with grant and vesting under the programmes.

Each participant in the programmes will be granted RSUs or RCUs with a market value corresponding to a certain percentage of their base salary. The total estimated market value at time of grant of the RSU and RCU programmes will be approximately DKK 50 million. The specific number of RSUs and RCUs granted is currently not fixed, as it will depend and be calculated on the basis of Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's results for the full year 2020 reduced by an expected dividend yield of 2% p.a.

Purchase of shares to fund long-term incentive programmes

A total of 114,000 shares were purchased in 2020 to cover the obligation regarding the 2020 RSU programme.

To cover the RSU programme that will be granted to key employees in Denmark and abroad in February 2021, Lundbeck will purchase shares at a value of approximately DKK 40 million. The number of shares to be purchased will be dependent on Lundbeck's average share price in the first 10 banking days after publication of Lundbeck's annual report for 2020. The number of shares to be purchased corresponds to less than 0.1% of Lundbeck's share capital. The shares are intended to be purchased during 2021 and in compliance with applicable legislation.

Considering the relatively small number of shares concerned, the purchase will be carried out as a share buy-back outside of the EU Commission Regulation on share buy-back. However, to secure market integrity the purchase is subject to the following rules:

- The purchase will be carried out by a bank (lead manager) on an arm's-length basis and independently of Lundbeck
- The bank must not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on Nasdaq Copenhagen at the time of the purchase
- The bank must not purchase more than 20% of the daily volume of the shares on NASDAQ Copenhagen on the day the purchase is carried out.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

STATEMENT OF THE BOARD OF DIRECTORS AND THE REGISTERED EXECUTIVE MANAGEMENT

The Board of Directors and the Registered Executive Management have considered and approved the Annual Report of H. Lundbeck A/S for 2020, including the audited consolidated financial statements. The Board of Directors and the Registered Executive Management have also approved this Financial Report for 2020, containing condensed financial information. This Financial Report for 2020 has not been audited or reviewed by the company's independent auditor.

The consolidated financial statements in the Annual Report 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act. This Financial Report for 2020 has been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2020 and further requirements in the Danish Financial Statements Act. In our opinion, the financial consolidated financial statements (pages 23-30) give a true and fair view of H. Lundbeck's consolidated assets, liabilities and financial position at 31 December 2020 and of the results of H. Lundbeck's consolidated operations and cash flows for 2020. Management review (pages 4-21), in our opinion, includes a fair review of the development in H. Lundbeck's operations and financial conditions, the results for the period, cash flows and financial position. Furthermore, this Financial Report for 2020 gives, together with what is disclosed in the Annual Report 2020, a description of the most significant risks and uncertainty factors that H. Lundbeck faces.

Valby, 4 February 2021

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Anders Götzsche Executive Vice President, CFO
Per Johan Luthman Executive Vice President, Research & Development	Jacob Tolstrup Executive Vice President, Commercial Operations	

Board of Directors

Lars Søren Rasmussen Chairman of the Board	Lene Skole-Sørensen Deputy Chairman of the Board	Henrik Andersen
Jeffrey Berkowitz	Lars Erik Holmqvist	Jeremy Max Levin
Rikke Kruse Andreasen Employee representative	Henrik Sindal Jensen Employee representative	Ludovic Tranholm Otterbein Employee representative

CONDENSED FINANCIAL STATEMENTS

Statement of profit or loss

DKK million	FY 2020	FY 2019	Q4 2020	Q4 2019
Revenue	17,672	17,036	4,275	4,421
Cost of sales	4,166	3,840	1,021	1,063
Gross profit	**13,506**	**13,196**	**3,254**	**3,358**
Sales and distribution costs	5,946	5,514	1,658	1,537
Administrative expenses	966	899	274	240
Research and development costs	4,545	3,116	883	890
Other operating expenses, net	59	514	8	514
Profit from operations (EBIT)	**1,990**	**3,153**	**431**	**177**
Net financials, expenses	84	127	12	149
Profit before tax	**1,906**	**3,026**	**419**	**28**
Tax on profit for the period	325	713	(134)	(113)
Profit for the period	**1,581**	**2,313**	**553**	**141**
Earnings per share, basic (EPS) (DKK)	7.95	11.64	2.78	0.71
Earnings per share, diluted (DEPS) (DKK)	7.95	11.64	2.78	0.71

Statement of comprehensive income

DKK million	FY 2020	FY 2019	Q4 2020	Q4 2019
Profit for the period	**1,581**	**2,313**	**553**	**141**
Actuarial gains/losses	(1)	(61)	(1)	(61)
Tax	1	6	1	6
Items that will not be reclassified subsequently to profit or loss	**-**	**(55)**	**-**	**(55)**
Exchange rate gains/losses on investments in foreign subsidiaries	(1,007)	135	(438)	(126)
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	(21)	(136)	(72)	(92)
Hedging of net investments in foreign subsidiaries	356	62	170	62
Deferred exchange gains/losses, hedging	313	(337)	98	59
Deferred fair value of interest rate swaps	(90)	8	21	8
Exchange gains/losses, hedging (transferred to the hedged items)	(5)	305	(55)	128
Tax	(124)	22	(37)	(37)
Items that may be reclassified subsequently to profit or loss	**(578)**	**59**	**(313)**	**2**
Other comprehensive income	**(578)**	**4**	**(313)**	**(53)**
Comprehensive income	**1,003**	**2,317**	**240**	**88**

Condensed statement of financial position

DKK million	31.12.2020	31.12.2019
Assets		
Intangible assets	22,738	26,255
Property, plant and equipment	2,733	2,674
Financial assets	453	166
Non-current assets	**25,924**	**29,095**
Inventories	2,163	2,204
Receivables	4,018	3,822
Securities	-	4
Cash and bank balances	3,924	3,008
Current assets	**10,105**	**9,038**
Assets	**36,029**	**38,133**
Equity and liabilities		
Share capital	996	996
Foreign currency translation reserve	134	882
Hedging reserve	95	(75)
Retained earnings	15,748	14,979
Equity	**16,973**	**16,782**
Provisions	2,041	2,385
Debt	5,397	7,062
Other payables	1,606	1,624
Non-current liabilities	**9,044**	**11,071**
Provisions	1,674	2,048
Debt	2,000	2,000
Trade payables	3,740	3,933
Other payables	2,598	2,299
Current liabilities	**10,012**	**10,280**
Liabilities	**19,056**	**21,351**
Equity and liabilities	**36,029**	**38,133**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2020	**996**	**882**	**(75)**	**14,979**	**16,782**
Profit for the year	-	-	-	1,581	1,581
Other comprehensive income	-	(748)	170	-	(578)
Comprehensive income	**-**	**(748)**	**170**	**1,581**	**1,003**
Distributed dividends, gross	-	-	-	(816)	(816)
Dividends received, treasury shares	-	-	-	1	1
Capital increase through exercise of warrants	-	-	-	1	1
Buyback of treasury shares	-	-	-	(29)	(29)
Incentive programmes	-	-	-	30	30
Tax on other transactions in equity	-	-	-	1	1
Other transactions	**-**	**-**	**-**	**(812)**	**(812)**
Equity at 31 December 2020	**996**	**134**	**95**	**15,748**	**16,973**

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2019	**996**	**804**	**(56)**	**15,089**	**16,833**
Profit for the year	-	-	-	2,313	2,313
Other comprehensive income	-	78	(19)	(55)	4
Comprehensive income	**-**	**78**	**(19)**	**2,258**	**2,317**
Distribution of dividends, gross	-	-	-	(2,389)	(2,389)
Dividends received, treasury shares	-	-	-	5	5
Capital increase through exercise of warrants	-	-	-	4	4
Buyback of treasury shares	-	-	-	(20)	(20)
Incentive programmes	-	-	-	33	33
Tax on other transactions in equity	-	-	-	(1)	(1)
Other transactions	**-**	**-**	**-**	**(2,368)**	**(2,368)**
Equity at 31 December 2019	**996**	**882**	**(75)**	**14,979**	**16,782**

Condensed statement of cash flows

DKK million	FY 2020	FY 2019	Q4 2020	Q4 2019
Profit from operations (EBIT)	**1,990**	**3,153**	**431**	**177**
Adjustments for non-cash items	2,477	1,071	663	471
Change in working capital	(18)	(935)	314	(223)
Cash flows from operations before financial receipts and payments	**4,449**	**3,289**	**1,408**	**425**
Financial receipts and payments	(287)	(10)	(93)	(20)
Cash flows from ordinary activities	**4,162**	**3,279**	**1,315**	**405**
Income taxes paid	(325)	(670)	(255)	(11)
Cash flows from operating activities	**3,837**	**2,609**	**1,060**	**394**
Acquisition of businesses*	-	(10,496)	-	(8,847)
Purchase and sale of securities and other financial assets	10	3,181	-	1,678
Purchase and sale of intangible assets and property, plant and equipment	(477)	(440)	(211)	(188)
Cash flows from investing activities	**(467)**	**(7,755)**	**(211)**	**(7,357)**
Cash flows from operating and investing activities (free cash flow)	**3,370**	**(5,146)**	**849**	**(6,963)**
Proceeds from loans and issue of bonds	3,701	11,095	3,701	11,095
Repayment of bank loans and borrowings	(5,169)	(4,080)	(4,296)	(4,080)
Capital increase through exercise of warrants	1	4	-	-
Dividends paid in the financial year, net	(815)	(2,384)	-	-
Other financing activities	(112)	(87)	(20)	(18)
Cash flows from financing activities	**(2,394)**	**4,548**	**(615)**	**6,997**
Net cash flow for the period	**976**	**(598)**	**234**	**34**
Cash and bank balances at beginning of period	3,008	3,605	3,703	2,975
Unrealized exchange gains/losses on cash and bank balances	(60)	1	(13)	(1)
Net cash flow for the period	976	(598)	234	34
Cash and bank balances at end of period	**3,924**	**3,008**	**3,924**	**3,008**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:				
Cash and bank balances	3,924	3,008	3,924	3,008
Securities	-	4	-	4
Interest-bearing debt	(8,030)	(9,578)	(8,030)	(9,578)
Net cash/(net debt)	**(4,106)**	**(6,566)**	**(4,106)**	**(6,566)**

*) Lundbeck acquired Abide Therapeutics, Inc. in Q2 2019 and Alder BioPharmaceuticals, Inc. in Q4 2019. Both acquisitions are considered business combinations in accordance with *IFRS 3 Business combinations*.

Statement of profit or loss – Core results reconciliation (FY)

FY 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	17,672	-	-	-	-	-	-	17,672
Cost of sales	4,166	(1,548)	(47)	-	-	-	-	2,571
Gross profit	**13,506**	**1,548**	**47**	**-**	**-**	**-**	**-**	**15,101**
Sales and distribution costs	5,946	-	-	-	-	-	-	5,946
Administrative expenses	966	-	-	-	-	-	-	966
Research and development costs	4,545	-	(792)	-	-	-	-	3,753
Other operating expenses, net	59	-	-	-	(59)	-	-	-
Profit from operations (EBIT)	**1,990**	**1,548**	**839**	**-**	**59**	**-**	**-**	**4,436**
Net financials, expenses	84	-	-	-	-	-	-	84
Profit before tax	**1,906**	**1,548**	**839**	**-**	**59**	**-**	**-**	**4,352**
Tax on profit for the period	325	244	11	-	14	-	-	594
Profit for the period	**1,581**	**1,304**	**828**	**-**	**45**	**-**	**-**	**3,758**
Earnings per share, basic (EPS)	7.95	6,56	4.17	-	0.23	-	-	18.91

FY 2019

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	17,036	-	-	-	-	-	-	17,036
Cost of sales	3,840	(1,309)	-	-	-	-	-	2,531
Gross profit	**13,196**	**1,309**	**-**	**-**	**-**	**-**	**-**	**14,505**
Sales and distribution costs	5,514	-	-	-	-	-	-	5,514
Administrative expenses	899	-	-	-	-	-	-	899
Research and development costs	3,116	-	-	-	-	-	-	3,116
Other operating expenses, net	514	-	-	-	(514)	-	-	-
Profit from operations (EBIT)	**3,153**	**1,309**	**-**	**-**	**514**	**-**	**-**	**4,976**
Net financials, expenses	127	-	-	-	-	-	-	127
Profit before tax	**3,026**	**1,309**	**-**	**-**	**514**	**-**	**-**	**4,849**
Tax on profit for the period	713	182	-	-	87	-	-	982
Profit for the period	**2,313**	**1,127**	**-**	**-**	**427**	**-**	**-**	**3,867**
Earnings per share, basic (EPS)	11.64	5.67	-	-	2.15	-	-	19.46

Statement of profit or loss – Core results reconciliation (Q4)

Q4 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,275	-	-	-	-	-	-	4,275
Cost of sales	1,021	(416)	133	-	-	-	-	738
Gross profit	**3,254**	**416**	**(133)**	**-**	**-**	**-**	**-**	**3,537**
Sales and distribution costs	1,658	-	-	-	-	-	-	1,658
Administrative expenses	274	-	-	-	-	-	-	274
Research and development costs	883	-	-	-	-	-	-	883
Other operating expenses, net	8	-	-	-	(8)	-	-	-
Profit from operations (EBIT)	**431**	**416**	**(133)**	**-**	**8**	**-**	**-**	**722**
Net financials, expenses	12	-	-	-	-	-	-	12
Profit before tax	**419**	**416**	**(133)**	**-**	**8**	**-**	**-**	**710**
Tax on profit for the period	(134)	69	(30)	-	2	-	-	(93)
Profit for the period	**553**	**347**	**(103)**	**-**	**6**	**-**	**-**	**803**
Earnings per share, basic (EPS)	2.78	1.75	(0.52)	-	0.03	-	-	4.04

Q4 2019

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,421	-	-	-	-	-	-	4,421
Cost of sales	1,063	(330)	-	-	-	-	-	733
Gross profit	**3,358**	**330**	**-**	**-**	**-**	**-**	**-**	**3,688**
Sales and distribution costs	1,537	-	-	-	-	-	-	1,537
Administrative expenses	240	-	-	-	55	-	-	295
Research and development costs	890	-	-	-	-	-	-	890
Other operating expenses, net	514	-	-	-	(514)	-	-	-
Profit from operations (EBIT)	**177**	**330**	**-**	**-**	**459**	**-**	**-**	**966**
Net financials, expenses	149	-	-	-	-	-	-	149
Profit before tax	**28**	**330**	**-**	**-**	**459**	**-**	**-**	**817**
Tax on profit for the period	(113)	45	-	-	78	-	-	10
Profit for the period	**141**	**285**	**-**	**-**	**381**	**-**	**-**	**807**
Earnings per share, basic (EPS)	0.71	1.43	-	-	1.92	-	-	4.06

Notes

Note 1: Accounting policies

Lundbeck's accounting policies are explained in detail in the 2020 Annual Report also published today.

The comparative figures for 2019 are in accordance with the restated figures as published in the "Adjusted Supplementary Information to the Annual Report 2019" on 5 January 2021 presenting the changes required by the Danish Business Authority ("Erhvervsstyrelsen").

Note 2: Business combinations

In 2020, Lundbeck changed the initial purchase price allocation relating to the acquisition of Alder BioPharmaceuticals, Inc. (subsequently renamed Lundbeck Seattle BioPharmaceuticals, Inc.) due to prepayments to a supplier expensed prior to the acquisition date and due to a reassessment of the inventory valuation. This resulted in a decrease in goodwill of DKK 24 million, comprising an increase in prepayments of DKK 164 million and a decrease in inventories, net of tax, of DKK 140 million. The total consolidated carrying amount of goodwill was DKK 4,845 million at 31 December 2020 (DKK 5,278 million at 31 December 2019).

Note 3: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	**Level 1** (DKKm)	**Level 2** (DKKm)	**Level 3** (DKKm)
2020:			
Financial assets			
Other financial assets[1]	81	-	35
Derivatives[1]	-	697	-
Total	**81**	**697**	**35**
Financial liabilities			
Contingent consideration[1]	-	-	1,108
Derivatives[1]	-	365	-
Bank debt[2]	-	3,698	
Bond debt[2]	3,781	-	-
Total	**3,781**	**4,063**	**1,108**
2019:			
Financial assets			
Securities[1]	4	-	-
Other financial assets[1]	20	-	40
Derivatives[1]	-	80	-
Total	**24**	**80**	**40**
Financial liabilities			
Contingent consideration[1]	-	-	1,224
Derivatives[1]	-	113	-
Bank debt[2]	-	9,062	-
Total	**-**	**9,175**	**1,224**

1) Measured at fair value. 2) Disclosed at fair value

The fair value of securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date. The fair value of contingent consideration is calculated as the discounted cash outflows (DCF method) from future milestone payments, taking probability of success into consideration. The fair value adjustment of contingent consideration amounts to a net gain of DKK 3 million and is the result of changes in the time value of the contingent value rights and the milestone relating to the phase IIa study results of Lu AG06466 not being met. Total contingent consideration amounted to DKK 1,108 million at 31 December 2020 (DKK 1,224 million at 31 December 2019). Besides the fair value adjustment, the only change in contingent consideration is exchange rate adjustments of DKK 113 million.

The carrying amount of other receivables, trade receivables, prepayments, bank debt, other debt, trade payables and other payables is believed to be equal to or close to fair value.

Note 4: EBITDA calculation

DKK million	FY 2020	FY 2019	Q4 2020	Q4 2019
EBIT	1,990	3,153	431	177
+ Depreciation, amortization and impairment charges	2,793	1,670	571	430
= EBITDA	**4,783**	**4,823**	**1,002**	**607**

Note 5: Core reporting

As a general rule, Lundbeck adjusts for amortization of product rights and for each non-recurring item that Management deems exceptional and which accumulates or is expected to accumulate to an amount exceeding a DKK 100 million threshold. Lundbeck's core reporting is a non-IFRS performance measurement. Lundbeck's core results, including core operating income (core EBIT) and core EPS, exclude:

Amortization of product rights

Impairment of intangible assets and property, plant and equipment as well as inventory valuation adjustment

Major restructuring costs

Acquisition and integration costs, including:

- Accounting adjustments relating to the consolidation of material acquisitions and disposals of associates, products and businesses
- Costs associated with the integration of newly acquired companies
- Retention costs
- Transaction costs

Legal fees and settlements, including:

- Legal costs (external), charges (net of insurance recoveries) and expenses related to settlement of litigations, government investigations and other disputes
- Income from settlements of litigations and other disputes

Divestments/milestones, including:

- Income/expenses from discontinued operations
- Gains/losses on divestments of assets
- Received or expensed upfront sales and development milestones

The adjusted core result is taxed at the underlying corporate tax rate.

FINANCIAL CALENDAR 2021

8 February 2021:	Deadline for the company's receipts of shareholder proposals for the Annual General Meeting 2021
23 March 2021:	Lundbeck Annual General Meeting 2021
26 March 2021:	Dividends for 2020 at the disposal of shareholders
11 May 2021:	Financial statements for the first three months of 2021
18 August 2021:	Financial statements for the first six months of 2021
10 November 2021:	Financial statements for the first nine months of 2021

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. We are tirelessly dedicated to restoring brain health, so every person can be their best.

Millions of people worldwide live with brain diseases, and far too many suffer due to inadequate treatment, discrimination, a reduced number of working days, early retirement, and other unnecessary consequences. Every day, we strive for improved treatment and a better life for people living with brain diseases – we call this *Progress in Mind*.

Our approximately 5,600 employees in more than 50 countries are engaged in the entire value chain throughout research, development, production, marketing, and sales. Our pipeline consists of several R&D programmes, and our products are available in more than 100 countries. We have research centers in Denmark and the U.S., and our production facilities are located in Denmark, France and Italy. Lundbeck generated revenue of DKK 17.7 billion in 2020 (EUR ~2.4 billion; USD ~2.7 billion).

For additional information, we encourage you to visit our corporate site www.lundbeck.com, and connect with us on Twitter at @Lundbeck and via LinkedIn.